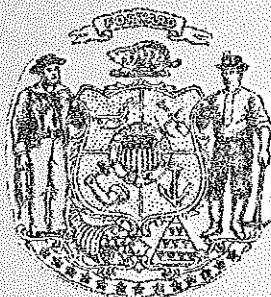


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WISCONSIN

PROPOSED CONSTITUTIONAL AMENDMENTS
AND REFERENDUM TO BE SUBMITTED
TO THE WISCONSIN VOTERS
AT THE APRIL 7, 1964 ELECTION

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Table of Contents

	Page
Introduction	1
Increasing the Permissible State Appropriation for Forestry Purposes (Jt. Res. No. 73, A., 1963)	1
Adjusting the Base of Property Valuation for Debt Limit Purposes to Compensate for Reductions in the Base (Jt. Res. No. 74, A., 1963)	4
Permitting Related Items to be Considered in a Single Constitutional Amendment (Sp. Sess. Jt. Res. No. 1, S., 1963)	7
Advisory Referendum on Increasing Motor Fuel Taxes to Finance Loans for Project 66	10

PLEASE NOTE:

The Wisconsin Legislative Reference Library has changed its name.

Beginning August 1, 1963, Chapter 149, Laws of 1963, renamed us "Legislative Reference Bureau". We are no longer under the Free Library Commission, but an independent agency in the legislative branch of Wisconsin state government, under the policy direction of the Joint Committee on Legislative Organization. Our services remain the same.

With the change in name, we have changed our method of numbering the reports issued by this agency. The Informational Bulletin Series (IB) was closed off with number 230; the Research Bulletin Series (RB) was closed off with number 141 (No. 139 was not used).

Our new numbers begin with the last two digits of the current year (for 1963 we used 63), and number each series consecutively through a single year. Thus, the first new Research Bulletin was numbered RB-63-1, the second, RB-63-2, etc.

PROPOSED CONSTITUTIONAL AMENDMENTS AND REFERENDUM TO BE SUBMITTED
TO THE WISCONSIN VOTERS AT THE APRIL 7, 1964 ELECTION*

INTRODUCTION

At the spring election on April 7, 1964 Wisconsin voters will be asked to ratify 3 proposed amendments to the Wisconsin Constitution and to express their opinion on an advisory referendum.

The constitutional amendments relate to (1) increasing the amount that the state can appropriate for forestry purposes to compensate for erosion of the tax base, (2) adjusting the base of property valuation for debt limit purposes, and (3) changing the procedure for amending the Constitution so that related items can be considered in a single amendment.

The referendum question being referred to the people asks if they favor a gasoline tax increase to pay for bonds to be issued in order to accelerate highway construction, the so-called "Project 66."

As required by the Constitution the constitutional amendments have been submitted to and adopted by 2 successive Legislatures (1961 and 1963) and must now be ratified by the electorate in order to become effective. The referendum question is purely an advisory opinion on the part of the voters and does not have the force of law unless a measure incorporating the proposal is subsequently enacted by the Legislature.

INCREASING THE PERMISSIBLE STATE APPROPRIATION FOR FORESTRY PURPOSES
(Jt. Res. No. 73, A., 1963)

Present and Proposed Provision

Article VIII, Sec. 10, of the Wisconsin Constitution provides in part:

"The state shall never contract any debt for works of internal improvement, or be a party in carrying on such works;... Provided, that the state may appropriate moneys for the purpose of acquiring, preserving and developing the forests of the state; but there shall not be appropriated under the authority of this section in any one year an amount to exceed two-tenths of one mill of the taxable property of the state as determined by the last preceding state assessment."

The proposed amendment would change the "two-tenths" to "one-fourth." On the ballot the question will appear as follows:

"Shall section 10 of article VIII of the constitution be amended to increase the allowable state tax for forestry purposes from two-tenths to one-fourth of one mill of the taxable property of the state?"

*Prepared by Patricia V. Robbins, Research Associate. Pro and con arguments are based on statements in the daily press.

Legislative Action

The proposed amendment was introduced in the 1961 Legislature (Jt. Res. 133, A., which became Enrolled Jt. Res. 90) with the bipartisan support of Assemblyman Pommerening (Rep.) together with 3 other Republicans (Alfonsi, R. I. Johnson and Harper) and 3 Democrats (Barron, Blaska and Risser). It was adopted by a vote of 91 to 0 in the Assembly (Assem. Jour., p. 2698) and concurred in by a vote of 25 to 2 in the Senate (Sen. Jour., p. 2614). The 1963 Legislature adopted it (in the form of Jt. Res. 73, A., which became Enrolled Jt. Res. 32) by an Assembly vote of 86 to 3 (Assem. Jour., p. 1028) and a Senate vote of 27 to 2 (Sen. Jour., p. 1080). Prior to floor consideration in the Assembly in 1963 the Committee on Taxation had recommended rejection of the measure, voting 7 to 3, but the Assembly refused to reject it.

Historical Background

The constitutional provision allowing the state to acquire and develop forests and limiting expenditures for these purposes to two-tenths of one mill of the taxable property of the state was ratified in 1924. A previous amendment on the subject had been adopted in 1910 but was declared invalid. Since the planting and protection of forests was considered an internal improvement, it was necessary to amend the constitutional prohibition on internal improvements to enable the state to act in this field. A Milwaukee Journal editorial of September 21, 1924 described the amendment as a "bestowal of a power that is needed, carrying with it adequate protection." The provision has remained unchanged since its adoption.

In 1931 the Legislature enacted a law providing for a state tax on each dollar of the assessed valuation of the general property of the state in the amount of one-twentieth of one mill for forestry purposes (Ch. 67, Laws of 1931, creating Sec. 70.58 (2)). However, in the same session Chapter 455 changed this amount to one-tenth of one mill with the proviso that "such mill tax shall not be levied in any year in which the legislature has provided funds for the purposes specified in this section, equal to or in excess of the amount which such mill tax would produce." In 1937 (Ch. 332) the amount of the tax was increased to two-tenths of one mill, the appropriable amount allowed by the Constitution. In recent years the annual yield from this tax has been about \$3.5 million, increasing by about \$150,000 from year to year as the valuation of the tax base has risen.

Purpose of the Proposed Amendment

The proposed amendment was adopted by the Legislature in anticipation of the exemption of livestock and merchants' and manufacturers' inventories from the personal property tax. Tax exemption for these categories of personal property had been recommended by the Continuing Revenue Survey Commission (the so-called Blue Ribbon Committee) in its 1960 report on the state fiscal situation. It contended that the tax presents administrative difficulties, is inequitable and hinders economic growth. However, if these classes of personal property - which constitute the primary revenue sources of taxable personal property - are exempted, the amount of total taxable property, that is the base of the general property tax, is obviously reduced. Consequently the two-tenths of one mill forestry tax on this base would

yield less than at present. The increase to one-fourth (that is, two and one-half tenths) of a mill would compensate for this loss.

If such personal property is not exempted, then an increase in the allowable appropriation, providing it were followed by enactment of a corresponding tax increase, would result in a net increase in funds available for forestry purposes. The State Forester has declared that increased forestry funds are necessary to keep pace with rising costs and increased population and recreational demands. Furthermore, he has stated that the rise in costs will result in an annual deficit of \$400,000 unless additional funds are forthcoming. Largest items in the forestry budget of the Conservation Department are forest protection and management. Others are nursery operations and the management of the Southern and Northern State Forests.

The matter is further complicated by the fact that the 1961 tax legislation (Chapter 620) provided for a 50 per cent credit against the general property tax levy on the local assessment of merchants' and manufacturers' stock and of livestock. This did not exempt such property from total property taxed; instead, it provided for the state's reimbursement of local taxing districts for half the tax. Thus, it would appear that under this procedure the tax base on which the allowable appropriation is based would not be affected, and ratification of the amendment would permit the enactment of increased forestry appropriations.

To sum up, increasing the allowable limit on state moneys appropriable for forestry purposes from two-tenths of one mill to one-fourth of one mill of the value of taxable property of the state would permit the Legislature to enact a corresponding increase in the state tax on general property for forestry purposes (or appropriate money from another source), whether or not it decides to exempt certain personal property from taxes or tax it at a lower rate.

Arguments For and Against the Proposed Amendment

Pro

1. Personal property tax reform cannot be accomplished unless the resultant loss to the tax base used in determining the amount of appropriable funds for forestry purposes is offset by increasing the allowable appropriation.
2. The amendment itself would not increase the property tax for forestry. This would depend upon legislative action. Furthermore, appropriations would not have to come from the forestry tax, but could come from other revenue sources.

Con

1. Exempting certain personal property from taxation would increase the burden on other forms of property. The property tax for forestry purposes would probably be the tax that would be increased.
2. Specific amounts of allowable expenditures for various purposes should not be itemized in a constitution, and increasing such an amount does nothing to eliminate this situation.

Arguments For and Against the Proposed Amendment--Continued

Pro

3. If the amendment is adopted and a corresponding tax increase is enacted, but personal property tax relief is not granted, the funds would result currently in about a one million dollar annual increase in revenue to meet the need for new funds for forestry purposes.

Con

3. The property tax is already overburdened and is not a desirable source of revenue to meet additional needs of the forestry program. Furthermore, earmarked taxes are undesirable because they are not related to the needs of a particular function or to the competing needs of other functions.

ADJUSTING THE BASE OF PROPERTY VALUATION FOR DEBT LIMIT PURPOSES TO COMPENSATE FOR REDUCTIONS IN THE BASE (Jt. Res. No. 74, A., 1963)

Present and Proposed Provision

Article XI, Sec. 3 of the Wisconsin Constitution, prior to the adoption of Jt. Res. No. 19, A., 1963, and its ratification at the April 1963 election, provided in part:

"...No county, city, town, village, school district or other municipal corporation shall be allowed to become indebted in any manner or for any purpose to any amount, including existing indebtedness, in the aggregate exceeding five per centum on the value of the taxable property therein, to be ascertained, other than for school districts and counties having a population of 500,000 or over, by the last assessment for state and county taxes previous to the incurring of such indebtedness and for school districts and counties having a population of 500,000 or over by the value of such property as equalized for state purposes; except that for any city which is authorized to issue bonds for school purposes the total indebtedness of such city shall not exceed in the aggregate eight per centum of the value of such property as equalized for state purposes and except that for any school district offering no less than grades one to twelve and which is at the time of incurring such debt eligible for the highest level of school aids, the total indebtedness of such school district shall not exceed ten per centum of the value of such property as equalized for state purposes; the manner and method of determining such equalization for state purposes to be provided by the legislature..."

The proposed amendment would insert "Except as provided in section 3a" before the part quoted, would renumber Sec. 3a to be Sec. 3b, and would create a new Sec. 3a, to read as follows:

"On and after January 1, 1964, the five, eight or ten per centum debt limitation provided in section 3 and which, but for this section, would apply to each county, city, town, village, school district or other municipal corporation, shall be modified as follows--The otherwise applicable debt limitation percentage of five, eight or ten per centum for each such governmental unit shall be divided by a fraction, the denominator of which shall be the 1963 state equalized value of all taxable property in such governmental unit, and the numerator shall

be the figure determined for the denominator less the 1963 state equalized value of merchants' stock-in-trade, manufacturers' materials and finished products, livestock and other general categories of personal property subject to assessment for general property tax purposes in 1963, but exempted from such assessments in 1964 or thereafter in such governmental unit."

On the ballot the question will appear as follows:

"Shall section 3 of article XI of the constitution be amended to adjust the basis of valuation of property for debt limit purposes to compensate for the reduction in the tax base when and if certain personal property is entirely eliminated from assessment and taxation?"

However, it should be noted that in 1963 a constitutional amendment changing Art. XI, Sec. 3, was given second consideration by the Legislature, was adopted in the form of Jt. Res. No. 19, A., and was ratified at the April 1963 election. This amendment struck out that part of Sec. 3 quoted above and substituted for it the following:

"No county, city, town, village, school district or other municipal corporation may become indebted in an amount that exceeds an allowable percentage of the taxable property located therein equalized for state purposes as provided by the legislature. In all cases the allowable percentage shall be five per centum except as follows: (a) For any city authorized to issue bonds for school purposes, an additional ten per centum shall be permitted for school purposes only, and in such cases the territory attached to the city for school purposes shall be included in the total taxable property supporting the bonds issued for school purposes. (b) For any school district which offers no less than grades one to twelve and which at the time of incurring such debt is eligible for the highest level of school aids, ten per centum shall be permitted."

Thus it can be seen that because of the adoption of the above amendment to Art. XI, Sec. 3, the references in Sec. 3a of the proposed amendment to the specific debt limitations in Sec. 3 are not entirely accurate and may have to be corrected by a future amendment. However, this fact would seemingly not invalidate the purposes or principles of the currently proposed amendment.

Legislative Action

The proposed amendment was introduced in the 1961 Legislature (Jt. Res. No. 134, A., which became Enrolled Jt. Res. 91) with the bipartisan support of 4 Republicans (Alfonsi, Harper, R. I. Johnson and Pommerening) and 2 Democrats (Barron and Blaska). It was adopted by a vote of 86 to 1 in the Assembly (Assem. Jour., p. 2699) and of 23 to 1 (after adoption of Amendment No. 1, S.) in the Senate (Sen. Jour., p. 2624). The Assembly concurred in Amendment No. 1, S.

In the 1963 Legislature the proposal (Jt. Res. No. 74, A., which became Enrolled Jt. Res. No. 33) was adopted 68 to 23 in the Assembly (Assem. Jour., p. 1030) and concurred in 26 to 2 by the Senate (Sen. Jour., p. 1083). Prior to floor action in the Assembly the Committee of Taxation had recommended rejection by a vote of 6 to 3.

Purpose of the Proposed Amendment

The limitations on the amount of debt that counties, towns, municipalities, school districts and other municipal corporations are allowed to incur are set forth in the Wisconsin Constitution and are expressed as a percentage of the value of their taxable property. The proposed amendment would adjust the basis of the valuation of such property to compensate for a decline in the total valuation in the event that the Legislature decides to exempt certain personal property from taxation. Specifically, property which may be exempted includes merchants' stock-in-trade, manufacturers' materials and finished products, livestock and other general categories of personal property.

Tax exemption of merchants' and manufacturers' inventories and of farm livestock was recommended by the Continuing Revenue Survey Committee (the so-called Blue Ribbon Committee) in its 1960 report on the state's fiscal situation. It maintained that the tax imposes an uneven burden on taxpayers, presents administrative difficulties and places Wisconsin business and farmers at a disadvantage compared with other states.

In the April 1961 election Wisconsin voters approved a constitutional amendment permitting the Legislature to deviate from the uniformity clause of Art. VIII, Sec. 1, in the taxation of certain items of personal property. Henceforth, the taxation of merchants' stock-in-trade, manufacturers' materials and finished products, and livestock must be uniform, but need not be uniform with the taxation of other personal and real property. By authority of this amendment the Legislature can provide for their taxation at a different rate. The Legislature can also elect to exempt them completely from taxation.

Consequently, if the Legislature decides to exempt such personal property from taxation entirely, the result will be a decrease in the aggregate valuation of the taxing jurisdiction. The debt limits would thereby be lowered since the debt limits are a per cent of the aggregate valuation. The intent of the proposed amendment is to prevent such a decline in the debt limits.

In order to accomplish this purpose a formula has been worked out to permit the establishment for each jurisdiction of a ratio (based on 1963 assessed values) between total valuation and total valuation less the exempt personal property. For the years after 1964, provided the Legislature decides to exempt certain items of personal property from taxation, the 1963 ratio would be applied to make the value then assessed comparable to 1963 aggregate value and to maintain the prior level of the debt limit.

As an example of how the formula would operate, take a municipality with \$1,000,000 state equalized valuation in 1963 and a constitutional debt limit of 5% or \$50,000. It is found that the value of merchants' stock in this particular municipality is \$200,000. If we assume that the Legislature determines to exempt this stock from assessment, then the total assessed valuation of our mythical municipality is suddenly reduced to \$800,000; as a consequence, the debt limit is reduced from \$50,000 to \$40,000 although the actual wealth of the municipality has not changed. Applying the constitutional formula, the debt limit will be restored to read \$50,000 as follows:

1963 -- $\frac{5}{100}$ of \$1,000,000 = \$50,000.

1964 -- $\frac{5}{100}$ of \$800,000 ÷ $\frac{\$800,000}{\$1,000,000}$ = \$50,000.

5% of 1964 assessed valuation divided by the 1963 equalized value ratio of (1) taxable property less merchants' stock to (2) all taxable property equals the debt limit.

Arguments For and Against the Proposed Amendment

Pro

1. The amendment is necessary to maintain current debt limits in the event that certain personal property is removed from the tax rolls. Otherwise, the assessed valuation on which the debt limit is based will decline and cause a corresponding decline in the amount of debt that can be incurred.
2. Since removing property from the tax rolls in no way affects the wealth of the community in terms of the total value of the property therein, it is unreasonable that its ability to incur debt should be curtailed by the action.
3. The flexibility of the formula will allow compensation for the removal of items from the tax roll in the future. This is not now possible.

Con

1. Maintaining current debt limits when property is removed from the tax rolls increases the burden for those debts to be borne by the remaining taxable property.
2. Debt limits should decline with a decline in taxable property, because it is the taxable property, not all the property, which has to pay the debt.
3. The formula is worded vaguely. It is not clear what is included in the numerator, which is the denominator less the value of livestock, merchants' and manufacturers' stock and "other general categories of personal property subject to assessment for general property tax purposes in 1963." "General categories" is too vague.

PERMITTING RELATED ITEMS TO BE CONSIDERED IN A SINGLE CONSTITUTIONAL AMENDMENT (Sp. Sess. Jt. Res. No. 1, S., 1963)

Present and Proposed Provision

Article XII, Sec. 1 of the Wisconsin Constitution provides in part:

"...if more than one amendment be submitted, they shall be submitted in such manner that the people may vote for or against such amendments separately."

The proposed amendment would add to the above:

"; this proviso shall be liberally construed in favor of the validity of any changes submitted by the legislature as a single amendment; in any event, if a proposed amendment includes only changes which are reasonably related to each other or to the same or similar subjects, it may be submitted as a single amendment."

On the ballot the question would read as follows:

"Shall section 1 of article XII of the state constitution be amended to permit the inclusion of several reasonably related items in a single proposition when submitting proposed constitutional amendments to the people?"

Legislative Action

This proposal was introduced in the 1961 Legislature with the bipartisan support of Senator Busby (Rep.) together with 2 other Republicans (Leonard and Lorge) and 4 Democrats (Moser, Stalbaum, Wilkie and Zaborski) in the form of Jt. Res. No. 15, S., which became Enrolled Jt. Res. No. 30. It was adopted by the Senate 31 to 0 (Sen. Jour., p. 281) and concurred in by the Assembly 77 to 18 (Assem. Jour., p. 495). The 1963 Special Session adopted Jt. Res. No. 1, S., which became Jt. Res. No. 1. The vote for adoption in the Senate was 19 to 12 (Sen. Jour., p. 17) and in the Assembly by 75 to 16 (Assem. Jour., p. 32).

Historical Background

The constitutional requirement that each amendment must be submitted to the voters in such a manner that it can be voted upon separately has been interpreted in the following manner by the Wisconsin Supreme Court.

In 1882 the court held in State ex rel. Hudd v. Timme, 54 Wis. 318, that the Legislature can "submit several distinct propositions to the people as 'one amendment,'...if such propositions relate to the same subject and are all designed to accomplish one purpose... The several propositions submitted in 1881 all relate to a change from annual to biennial sessions of the legislature, and were intended to effect such a change; and they were properly submitted as a single amendment, and were adopted as such."

In at least one case, however, the 1953 controversy over area and population apportionment of the Wisconsin State Senate, a constitutional amendment was held invalid, because the Supreme Court ruled (State ex rel. Thomson v. Zimmerman, 264 Wis. 644) that the people had not been given an opportunity to vote separately on each facet of the amendment. The court held that the various aspects of the constitutional amendment were not reasonably necessary parts of the same single purpose. Rather, the change which permitted Assembly districts to cross county lines was not related to the proposal of apportioning the Senate according to the concept of "area and population," nor to the elimination from the apportionment formula of the former exclusion of "Indians not taxed, soldiers, and officers of the United States army and navy."

They "were separate matters or amendments having different objects or purposes, so that the submission of all of the proposed changes to the people as a single amendment was in violation of sec. 1, art. XII..."

An Attorney General's opinion in 1959 (48 Atty. Gen. 188) stated that a proposed amendment extending terms of governor and lieutenant governor could be submitted as one question, but that separate amendments should be submitted for the secretary of state, treasurer, and attorney general.

Purpose of the Proposed Amendment

The proposed amendment would require a liberal construction of the Constitution in favor of the validity of any changes submitted by the Legislature as a single amendment. It would permit a number of interrelated items to be included in one amendment.

Arguments For and Against the Proposed Amendment

Pro

1. It is not always certain whether proposed changes in the Constitution can be submitted in one amendment or must be submitted separately. The proposed amendment would clarify this situation.
2. The Governor's Commission on Constitutional Revision in its 1960 Report said that "The Legislature must be enabled to present proposals for rationally integrated treatment of broad related areas of amendment and revision." Supreme Court Justice Fairchild called it "an important building block for sound constitutional revision."
3. Present requirements unnecessarily hamper constitutional change. In 1962 it was necessary to vote on 2 amendments dealing with the Milwaukee County executive, one making his office constitutional, the other giving him the veto power. Under

Con

1. The proposal clarifies the question of including related items in a single amendment, but clarifies it in favor of a more liberal construction of the provision. This would make the provision more subject to abuse. There would be greater temptation to include several related, but controversial, items in one amendment.
2. Even if several items are closely related, they may each be controversial and deserve separate consideration. One should not have to vote for an amendment when he favors only part of it. The court, for example, judged the various parts of the proposed 1953 apportionment amendment to be separate items that should be individually considered.
3. There is no limit on the number of amendments that can be submitted to the electorate. Presenting each item as a separate amendment makes each clearer than if it were included in an omnibus amendment. As a hamper to constitutional

Arguments For and Against the Proposed Amendment--Continued

Pro

3. -- Continued

the new proposal one would suffice. Supreme Court Justice Fairchild has declared, "The present rule limits the scope of an amendment too narrowly."

4. It would speed up the amending process, because it is not desirable to present more than a few amendments at any one election. Making several reasonably related changes in one amendment would enable more to be accomplished in fewer amendments.

Con

3. -- Continued

change the desire for such change by the Legislature and by the people would be a far more important factor than the manner of presenting the amendments.

4. Speeding up the amending process is not necessarily desirable. The process is deliberately designed to be slower and more deliberative than merely enacting a law.

ADVISORY REFERENDUM ON INCREASING MOTOR FUEL TAXES TO FINANCE LOANS FOR PROJECT 66

Question to be Submitted to the Voters for Their Advice

The following question will be submitted to the voters for advisory purposes only:

"Do you favor a 1¢ per gallon increase of the tax on gasoline and other motor fuels to pay the principal and interest on money to be borrowed by a new state building corporation to speed up the construction of Wisconsin state and interstate highways?"

Legislative Action

The decision to seek the advice of the voters on the proposed financing of Project 66 was made in the 1963 Special Session of the Legislature with the adoption of Jt. Res. No. 3, A. (Enrolled Jt. Res. No. 3). The joint resolution was introduced by the Committee on Rules by request of Assemblymen Alfonsi, McKay and Haase (all Republicans). It passed the Assembly by a vote of 50 to 44 (Assem. Jour., p. 25) after rejection of Substitute Amendment No. 1, A. by the same margin and was concurred in by a vote of 16 to 11 in the Senate (Sen. Jour., p. 34).

Historical Background

Governor John Reynolds first presented his plans for "Project 66" to the Legislature in May of 1963. "Project 66" is the name he gave to his proposal to accelerate and expand the construction of the freeway, expressway and Interstate highway system in this state. It would be financed through bond issues repaid by means of an increase in the automobile and truck fees. The plan called for completion of the Interstate system by the end of 1966 instead of 1971, completion

of the Milwaukee Expressway system 2 years ahead of schedule, and a system of divided highways by the end of 1966. The increase in registration fees would be graduated, with the amount for automobiles varying from \$1 to \$9, depending upon the age of the car, and the increase for trucks averaging 33 per cent. A Highway Building Corporation would be formed. It would (1) float a short term bond issue of \$191 million (at 2% to 3% interest) to complete the Interstate system, the notes being backed up by the 90 per cent cost pledged by the federal government; and (2) issue 22-year bonds in the amount of \$170 million (at approximately 3% to 4% interest) and backed by the registration fee increases, to construct the divided highway system. Milwaukee County would be reimbursed for its share of the Interstate system being constructed within the county, thus placing it on a par with the rest of the state. In his highway message to the Legislature the Governor also stated that the "upgrading of highways to freeway state with 'Project 66' money and the acceleration of Interstate construction" would also "release more than \$100 million which would have been spent over the next ten years ... These released funds will be available for projects elsewhere in the state..."

The proposed legislation was introduced at the request of the Governor as Bill No. 813, A., but had not passed either house by the time the Legislature adjourned on November 21. Substitute Amendment No. 1, A. to the bill was introduced by Assemblymen Alfonsi and Pommerening (Rep.), and Huber and Nikolay (Dem.). The bill has been held over for final disposition when the Legislature reconvenes in April.

Subsequently, Governor Reynolds called a special session of the Legislature to meet December 10 for the primary purpose of taking action on Project 66. In his message to the special session he asked for passage of a revised bill identical to Substitute Amendment No. 1, A. to Bill No. 813, A. of the regular session. This was introduced in the special session as Bill No. 1, A.

Under this revised version a Freeway Development Commission would be created to supervise and direct the accelerated completion of the Interstate highway system in Wisconsin and the development of freeways. It would consist of the Governor, the chairman of the Senate Highways Committee and of the Assembly Highways Committee, the 3 State Highway Commissioners, and a citizen member appointed by the Governor. Financing would be authorized either by lease agreements with nonprofit-sharing corporations or by direct construction from appropriated funds. The former would involve establishing a dummy corporation to issue bonds. The commission would determine which method or combination of methods (including the feasibility of toll roads) is in the best interests of the state.

The bill also provides for an increase in motor fuel taxes from 6 to 7 cents per gallon to pay for the proposed project. This was to replace the previous proposal of higher registration fees.

Joint Resolution No. 3, A. was adopted asking the advice of the electorate on the question, and then the bill was rejected by the Assembly 90 to 3.

Purpose of the Referendum and of the Proposed Project 66

The purpose of the referendum is merely to seek the opinion of the voters on the question of incurring debt to carry out an accelerated highway building program and paying for it by increasing motor fuel taxes. Hence, it will inform the Legislature whether or not the public favors the adoption of such a program. It in no way binds the Legislature to that or any other specific program. Bill No. 813, A. and its Substitute Amendment No. 1, A. are pending in the Assembly. The Legislature could adopt one or the other, or an entirely new bill, or none at all. Presumably its actions will be influenced by the vote on the referendum.

The purpose of Project 66 is to improve the state's highway system at a faster pace than is now being done. The Interstate system would be completed more rapidly, and new freeways would be built.

Arguments For and Against Project 66Pro

1. Highway modernization in Wisconsin has lagged behind other states. Revenues are insufficient for maintaining an adequate highway system. A Legislative Council Highway Advisory Committee study in 1960 estimated a deficiency of \$44 million annually to meet state trunk highway needs.
2. Governor Reynolds has stated that our highway program has "emphasized secondary roads for an agricultural economy, at a time when the economy of the state was rapidly becoming industrial and recreational."
3. The Governor has said: "... fast, safe, easy transportation for recreation and industry is an absolute necessity for a state wishing to remain competitive." Our state must attract industry and tourists. At present Michigan resort areas are closer to the Chicago metropolitan areas in driving time than are Wisconsin's. "There is overwhelming evidence that the construction of modern highways is the single greatest contribution to industrial growth".

Con

1. In 1962 then Governor Nelson said state highway spending had increased 110% from 1950 to 1960 and stated: "In the last four years (1958-62), we have made some real progress in addition to 198 miles of interstate highway. Some 2,600 miles of state and county highways have been built or improved."
2. The State Highway Commission's 1959-60 Biennial Review said that although other states have more super highways, "In no other state, however, is there a better-balanced all-weather system of roadways leading to all parts of the state."
3. Many factors enter into attracting industry and tourists, of which highways are only one. If our highways were poor, this fact would obviously be important. When, however, it is a matter of the relative degree of goodness, this factor would tend to become less important.

Arguments For and Against Project 66--Continued

Pro

Con

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| <p>4. The Governor has said: "Forty out of the 50 states in the nation, including every other industrial state, have treated highways as capital improvements and issued bonds to finance them..."</p> | <p>4. The plan would launch a big, new program of deficit financing through a dummy corporation, which means the debt would not be secured by the full faith and credit of the state and hence would cost more.</p> |
| <p>5. Without these roads, the Governor states, "Our own auto traffic will strangle our cities and countryside." The Legislative Council's Highway Advisory Committee report in 1961 indicated that there would be 1/2 million more cars on the road in 1970 than in 1960 and another half million by 1980.</p> | <p>5. It is debatable whether increasingly vast sums should be spent on roads, or whether it is economically more logical to promote the development and use of mass transportation.</p> |
| <p>6. Floating bonds through a dummy corporation is the same procedure used for university classrooms and hospitals.</p> | <p>6. In view of our other debts incurred through dummy corporations and in view of the urgent competing demands on tax resources, such as education and welfare, is a stepped-up highway program justifiable?</p> |
| <p>7. Economic returns from construction of the Interstate system are reported as being \$4 of benefit for every \$1 of investment. Freeways would generate comparable benefits. It would more than justify expenditures for interest costs.</p> | <p>7. The money spent for interest would be better spent on construction itself. With the same amount of funds available, but on a pay-as-you-go basis, a moderately stepped-up program could be achieved and save interest costs.</p> |
| <p>8. Highway modernization is necessary for highway safety. The Governor states that "the fatality rate on the completed interstate system in Wisconsin is 2.4 deaths for every 100 million vehicle miles, while on the rest of the state trunk system it is more than eight deaths per million miles."</p> | <p>8. The completion time for the program is too optimistic. Parts of the Interstate system cannot be completed by 1966 under the best of circumstances.</p> |

Arguments For and Against Project 66--Continued

Pro

9. An increased motor fuel tax is an equitable way of providing the revenue for the program; it is based on the theory that those most benefiting from the program pay the cost. Those who want this program should pay for it.
10. The construction program will generate \$1½ billion of business in the state.
11. The sooner the construction starts the less the problem there will be with inflated land and construction costs.
12. Better highways are necessary as a civil defense measure.

Con

9. Raising our motor fuel tax to 7 cents would make it higher than the adjacent states. The Minnesota, Iowa and Michigan tax is 6 cents, while Illinois' is 5 cents. Furthermore, it means imposing an additional tax on those with small, fixed incomes.
10. The program would produce peaks and valleys in construction volume and distort the economy.
11. The acceleration itself may serve to inflate costs.
12. A few years difference in completion of the Interstate system will not make that much difference to defense.